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IN THE

Supreme Court of the United States

OCTOBER TERM, 1945

No. 432

KASTAR, INCORPORATED,

Petitioner,

v.

HELEN S. CLAIR and JOHN H. LANE, copartners doing business under the name and style of ANTI-SHIMMIE MANUFACTURING COMPANY,

Respondents.

BRIEF ON BEHALF OF HELEN S. CLAIR AND JOHN H. LANE IN OPPOSITION TO PETITION OF KASTAR, INCORPORATED FOR A WRIT OF CERTIORARI

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Statement of the Case

The case in which this honorable court is asked to grant a writ of certiorari grows out of a suit for infringement of the Campbell patent, No. 1,577,821, issued on March 23, 1926. The last decision was the decision of the United States Court of Appeals for the Second Circuit rendered on April 6, 1945. The present petition was filed on the 15th day of September, 1945. The Campbell patent was for a stabilizing device to be applied to the steering mechanism of an automobile between the steering rod and axle to prevent shimmying, that is, wobbling of the front wheels.

The Campbell patent was involved in litigation instituted in the United States District Court for the Western District of Missouri on April 10, 1933, in a suit for infringement brought by these plaintiffs against the Western Auto Supply Company. The case was tried before Judge Collet and, on December 9, 1937, he held the Campbell patent invalid for lack of invention. At the same time he held another patent, owned by the plaintiffs, the Dyer patent, not here involved, valid and infringed "particularly the first claim thereof." Both parties appealed to the Circuit Court of Appeals for the Eighth Circuit, but settled the controversy and the appeals were dismissed on stipulation on April 12, 1939. Plaintiffs then instituted two new suits on both patents against Sears Roebuck & Company on June 29, 1939 and against Montgomery Ward & Company on July 10, 1939, in the District Court of the United States for the Western District of Missouri. The suits were tried before Judge Otis. Prior to the trial thereof the plaintiffs, in a Bill of Particulars, limited its cause of action to claim 2 of the Campbell patent and claim 1 of the Dyer patent since these were the only claims infringed. Judge Otis decided that the Dyer patent and the Campbell patent were valid and that claim 1 of the Dyer patent and claim 2 of the Campbell patent were infringed by the stabilizers sold by the defendants, Sears Roebuck & Company and Montgomery Ward & Company, which were models Nos. 73 and 74 manufactured by the present defendant Kastar, Incorporated. In fact the present defendant undertook the defense of those two suits. A decree was entered February 18, 1941.

The Circuit Court of Appeals for the Eighth Circuit affirmed Judge Otis, January 26, 1942, as to claim 2 of the Campbell patent. The last act in that litigation was a dismissal of an application to compel the District Court to carry out the mandate of the Circuit Court of Appeals. This was dated June 26, 1942.

The present suit was instituted in December of 1942. Plaintiffs moved on February 23, 1943 for a Summary Judgment on the ground that the issues, except as to damages, were *res adjudicata*. The defendant, in answering, filed a counterclaim and pleaded special defenses including laches and fraud. Plaintiff also moved that the counterclaim be dismissed. The defendant made a cross motion to dismiss the Complaint on the grounds that the Campbell patent was void because the plaintiff had not timely disclaimed claims 1 and 3 thereof. The District Judge denied defendant's motion and granted the plaintiffs' motion. The defendant appealed to the Circuit Court of Appeals for the Second Circuit. In discussing the basis for the decision of the District Judge, Judge Learned Hand wrote (138 F. 2d 828):

> "The District Judge held that Judge Otis' judgment was res judicata as to the validity of claim 2 and as to the defences of fraud and laches which the defendant pleaded in this action; but since the patent had expired, he directed only an accounting. He did not discuss the issue of disclaimer on which the defendant also now relies, because the answer had not pleaded it; but after his opinion went down, the defendant moved for a reargument upon the ground that the though over eleven months had passed between the decision of the Eighth Circuit in the action before Judge Otis, and the filing of the action at bar. The judge granted the reargument but adhered to his former opinion."

In discussing the question of disclaimer the Court stated:

> "Thus, if a patentee has had an opportunity to review a decision holding some claims of his patent invalid and some valid, and if he fails to avail himself of that opportunity, he must disclaim the claims held invalid within a reasonable time after the appellate court affirms so much of the judgment as holds any of the claims valid. Although it cannot be known until then that any part of the patent is valid and although not until then does the duty arise (Triplett v. Lowell,

297 U. S. 638), then it does arise, and he delays any longer at the peril of losing his whole patent. The duty of the plaintiffs at bar to disclaim therefore depended upon whether they could have obtained a review of Judge Collet's ruling upon claims one and three in the action before Judge Otis. Although they had alleged that the defendants in that action infringed those claims as well as claim two, that did did indeed conclude them; but, if the same 'stabilizers' which were found to infringe claim two, did in fact infringe claims one or three, they withdrew either of those claims at their peril. It was their last chance to save them. Whether the 'stabilizers' did infringe either claim one or three was not tried in the motion for summary judgment, and could scarcely have been properly so tried. Although the judgment must therefore be reversed, the issue must be tried whether the 'stabilizers' infringed either of those claims; or, what is in effect the same thing, whether there was any substantial difference between either of them and claim two. *Maytag* v. *Hurley Machine Co.*, 307 U. S. 243."

The Circuit Court of Appeals also referred to the trial court the issues involved in the defense of fraud and laches and the propriety of the defendant's counterclaim under the Stark patent. On the trial the defendant withdrew the counterclaim and the defense based on alleged fraud, which were obviously interposed solely for the purpose of delay. The defendant offered no evidence on the question of laches that was not before the Court in the Missouri case and this defense was dismissed. That left only the question of whether or not the defendants' stabilizers, Models Nos. 73 and 74, infringed claims 1 and 3 of the Campbell patent and that is the sole issue before this court. If the defendants' device did infringe claims 1 and 3, then the plaintiff-appellants had an opportunity to litigate them and should either have litigated them or disclaimed them. If the claims were not infringed plaintiff had no opportunity to litigate them and was under no duty to disclaim.

The Court of Appeals held that claims 1 and 3 of the Campbell patent were not infringed by the defendants' devices (R. 165) and, therefore, the plaintiffs could not have litigated and that they could not have properly answered defendants' request for a Bill of Particulars without limiting the actions to claim 2. At page 165 the court stated:

> "We have suggested, though we do not decide, that the plaintiffs were also under a duty to press these claims in the 'Otis actions,' even though we concluded that they would have been unsuccessful, had they done so. If they were under such a duty, it could only arise in case we thought that the effort had some reasonable chance of success. We can only repeat the reasons which we have just given to show that the exhibits did not in fact infringe; and add that they seem to us so plain as to excuse the plaintiffs from the attempt. For these reasons we hold that they were right to withdraw Claims One and Three from the 'Otis actions,' and that the defendant was estopped by the judgment."

Several times in the petition and in the brief in support thereof, petitioner refers to an alleged eleven month period between the issuance of the mandate of the Court of Appeals for the Eighth Circuit and the commencement of the present action. We believe it only fair to point out that the last action in the Missouri litigation was the denial by the Circuit Court of Appeals of a motion to compel the District Court to conform with the mandate. This denial was dated June 26, 1942.

In its petition, petitioner cites *Ensten* v. *Simon Ascher & Co.*, 282 U. S. 445, 75 L. Ed. 453; *Triplett* v. *Lovell*, 297 U. S. 638; and *Maytag* v. *Hurley Machine Co.*, 307 U. S. 243—three clear-cut decisions of this court defining the laws as to disclaimers. These cases were all considered by the Circuit Court of Appeals for the Second Circuit. Petitioner endeavors to find some conflict in the present

case with those decisions, but we submit that there is no conflict and that when these decisions are applied to the facts in the present case it will be found that the Circuit Court of Appeals properly followed these decisions.

Ensten v. *Simon Ascher & Co.*, 282 U. S. 445, 75 L. Ed. 453.

In the case of Ensten v. Rich-Sampliner Co., the District Court held certain claims valid and infringed and Claim 2 of the patent in suit invalid. The validity of the claims held valid was affirmed by the Circuit Court of Appeals but no disposition was made of Claim 2. More than two years later Ensten entered a disclaimer as to Claim 2, which act constituted an acquiescence in the holding of invalidity. Thereafter the patentee sought a preliminary injunction against Simon Ascher & Co. in the Second Circuit. The action of the trial court in dismissing the Bill because of unreasonable delay in filing the disclaimer was sustained by the Supreme Court. In the present instance your respondent has never acquiesced in the holding of invalidity and, as will be pointed out hereafter, the effect of the decisions in the Missouri courts was to hold the entire patent valid.

Triplett et al. v. *Lowell et al.*, 297 U. S. 638, 80 L. Ed. 949.

In the Triplett case the Circuit Court of Appeals for the Third Circuit held Claim 9 of one patent and two claims of another patent invalid. Disclaimers were filed, not of the claims, but disclaimers of the type which tend to limit the claims. These were held to be inadequate. There this court considered a number of cases and found that in each of these cases the plaintiffs' conduct showed acquiescence in the decision as to invalidity.

The court held that since there was no acquiescence or admission of invalidity the patent was not invalid. In af-

firming the Circuit Court of Appeals for the Fourth Circuit this court made certain very definite statements:

(P. 641) "In reaching its decision the Court of Appeals assumed, as we shall assume without deciding, that the disclaimers were inadequate because they failed to concede invalidity of the adjudicated claims."

(P. 642) "Neither reason nor authority supports the contention that an adjudication adverse to any or all the claims of a patent precludes another suit upon the same claims against a different defendant. While the earlier decision may by comity be given great weight in a later litigation and thus persuade the Court to render a like decree, it is not res adjudicata and may not be pleaded as a defense. See Mast, Foos & Co. v. Stover Mfg. Co. 177 U. S. 485, 44 L. Ed. 856; Sanitary Refrigerator Co. v. Winters, 280 U. S. 30, 35, 74 L. Ed. 147."

(P. 644) "It follows that want of disclaimer of claims previously held invalid can never be set up as a bar in limine to the maintenance of a second suit upon those claims and any others of the patent since the patentee is entitled to invoke in that suit the independent judgment of the Court upon the validity of the claims which have been held invalid. In advance of its decision as to validity that Court cannot consistently hold that there is necessity for disclaiming claims which, although previously adjudged invalid, it may hold to be valid."

(P. 645) "The disclaimer statute is remedial and intended for the protection of both the patentee and the public. See O'Reilly v. Morse, 15 How. 62, 121, 14 L. Ed. 601. Both are protected by the construction which we adopt and which we think is the only admissible one. The patentee is free to preserve some of the claims of his patent by disclaiming others which have been held invalid; *but the statute does not force him to pay that price in order to save them.* He may relinquish the privilege of disclaimer and proceed to relitigate in another Court, the claims which have been declared to be invalid but at the

risk of loss in that Court of the other claims of the patent even though valid, if it likewise holds invalid the previously adjudicated claims." (Italics supplied.)

(P. 645) "* * * the intimation of the Court below that the second suit must be brought within a reasonable time is without support, for if in that Court the claims are upheld, there is nothing to disclaim and the statute does not apply."

Moreover it is not necessary that the suit be in a different Circuit. The Court said:

(P. 648) "The fact that the suit was brought in the same Circuit where the Court of Appeals had previously held some of the claims invalid is immaterial, for the Court must decide whether the issues of law and fact in the two cases are the same, and if they are not, it is not bound by the earlier decision."

When the facts in the present suit are considered it will be found that the Second Circuit Court of Appeals followed the decision in the Triplett case correctly and that there is no issue to be decided.

Maytag Company v. *Hurley Machine Co.*, 307 U. S. 243, 83 L. Ed. 1264.

Petitioner argues that the decision of the court below cannot be reconciled with the Maytag case. It is submitted that the Maytag case has no bearing on the facts in the present litigation. In the Maytag case three claims, 23, 26 and 38, were held invalid. Claims 23 and 26 were apparatus claims and 38 a method claim. There were in addition two other method claims, 1 and 39. Instead of asserting the validity of claim 38 in another court against a different defendant, the defendant disclaimed claims 1 and 38 but did not disclaim claim 39. In other words, the patent owner acquiesced in the decision of invalidity as to the method covered by claims 1 and 38. The court

held that since the patentee had acquiesced in the invalidity to finding claims 1 and 38 and since claim 39 covered the identical method as claim 38 that claim 39 and the entire patent was invalid. It is the position of respondent that the Maytag case only applies where there has been an acquiescence in a decision of invalidity and where an insufficient disclaimer has been filed. In the present instance there has never been an acquiescence in Judge Collet's decision, but respondent has always asserted the validity of its patent.

The Effect of the Decisions of Judge Otis and of the Circuit Court of Appeals for the Eighth Circuit

The patent in suit was originally before Judge Collet—the case of *Clair and Lane* v. *Western Auto Supply Company*. Judge Collet handed down an opinion which is published in 35 U. S. P. Q. at 325. This opinion directed a decree for the plaintiff and, while it discussed the Campbell patent as a simplified device utilizing the same principles and accomplishing the same result as the Dyer patent, it did not specifically hold the Campbell patent invalid. At page 542 of the same volume of 35 U. S. P. Q. a supplemental opinion was filed in which Judge Collet quoted from his original memorandum as follows:

> "The Campbell patent represents no idea or method which is not found in the earlier Dyer patent. The foremost distinction lies solely in its comparative simplicity and economy of production."

Judge Collet then held the patent invalid for want of invention. This decision did not distinguish between the claims of the patent but indicates that Judge Collet thought the Campbell patent, as a whole, did not amount to invention. In the Montgomery Ward and Sears Roebuck cases in the same court but before Judge Otis, the same question was considered (36 F. Supp. 664). There

Judge Otis stated:

> "The Campbell patent was an improvement on the Dyer patent. Each was intended to prevent shimmying or wobbling in automobiles. While the Campbell patent embodied the same principles as the Dyer patent, the former was cheap, simple, attachable without tools to an automobile, workable in a high degree (several hundred thousand were sold in a single year), the latter was expensive, complex, could not be attached to an automobile except with difficulty and only with alteration in the parts of the automobile, and was never used. Certainly invention is involved in such a simplification as makes that available which was not available, which makes that useful which was not useful, which creates a demand by hundreds of thousands for what before was demanded by none. *General Electric Supply Co.* v. *Maytag Co.*, 8 Cir., 100 F. 2d 218."

It is apparent from that and what follows that while, in considering the question of infringement only claim 2 was under consideration, that in considering the question of validity the entire patent and invention was considered. The decrees entered, Exhibits 3 and 4, both contained the following paragraph (R. 116, 118):

> "First: That United States Letters Patent No. 1,317,912, granted to T. C. Dyer, October 7, 1919, known as the Dyer patent, and United States Letters Patent No. 1,577,821, granted to W. P. Campbell, March 23, 1926, known as the Campbell patent, *are good and valid* and are the property of the plaintiffs herein." (Italics supplied.)

Judge Collet in his opinion did not discuss the claim of the patent but treated the invention as a whole. Judge Otis considered and discussed two phases—first the question of the invention, and thereafter the question of infringement of claim 2 of the Campbell patent. Claims 1 and 3 of the Campbell patent are narrower in scope than claim 2 and the effect of Judge Otis' opinion and decree is to nullify that of Judge Collet. The Circuit Court of

Appeals for the Eighth Circuit on appeal from Judge Otis' decision likewise considered at length first the question of validity (123 F. 2d 878, 880, 881) and thereafter the question of infringement. It is submitted that the foregoing of itself differentiates this case from the case requiring the filing of a disclaimer and it certainly cannot be said that the plaintiffs ever acquiesced in the holding of invalidity.

Petitioner throughout its brief refers to respondent's "failure" to relitigate claims 1 and 3 and its "refusal to relitigate." The record is clear that the claims were not infringed and therefore could not be relitigated. It was the defendants' action in filing its demand for a Bill of Particulars that narrowed the issue to claim 2 and it was in response to this demand for a Bill of Particulars that the respondent withdrew claims 1 and 3.

By way of conclusion it is submitted that there is no conflict between the decision of the Circuit Court of Appeals for the Second Circuit and the principles laid down by this court in *Enstein* v. *Simon Ascher & Co.* and the *Triplett* and *Maytag* cases. Respondent here never acquiesced in Judge Collet's opinion. It promptly relitigated its patent. Claims 1 and 3 not being infringed could not be specifically considered.

CONCLUSION

Wherefore, it is respectfully submitted that the petition for writ of certiorari in this case should be denied.

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